GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1051
ANSWERED ON:24.11.2000
INFLATION RATE
BRAHMANAND MANDAL;MADHAVRAO SCINDIA;RENU KUMARI SINGH;RENUKA CHOWDHURY;SUSHIL KUMAR SAMBHAJIRAO SHINDE

Will the Minister of FINANCE be pleased to state:

(a)Whether the inflation rate has gone unalarmingly high during the last three months.

(b)If so, the weekly rate of inflation during the above period:

(c)the factors responsible for this rise; and

(d) The steps taken by the Government to contain the inflation rate?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) & (b) :Inflation rate based on the Wholesale Price Index (WPI) during the last three months is listed below:

WPI based

	Annual Inflation (%) (point to point)	52 week average(%)
05.08.2000	6.3	4.6
12.08.2000	6.3	4.7
19.08.2000	5.7	4.7
26.08.2000	6.2	4.8
02.09.2000	6.2	4.9
09.09.2000	5.7	4.9
16.09.2000	5.6	4.9
23.09.2000	6.1	5.0
30.09.2000	7.6	5.1
07.10.2000	7.0	5.2
14.10.2000	6.9	5.2
21.10.2000	6.8	5.3
28.10.2000	6.9	5.4
04.11.2000	7.3	5.4

(c) The rise in prices during 2000-01 is largely attributable to the increase in the administered prices of fuel products first in March 2000 and then again in September this year. This adjustment in the administered prices of energy products was absolutely necessary in view of the rising international prices of crude oil.

Inflation remained a little over 6 percent level till September this year, when a further hike in administered prices of kerosene, Diesel, petrol and LPG pushed up the inflation rate to over 7 percent. The latest rate of inflation for the week ended November 4, 2000 is 7.27%. The fuel group currently accounts for 70% of the inflation, but the stability in the prices of primary and manufactured products groups have had a sobering effect on the inflation rate.

(d) The Government keeps a close watch both on the demand and supply sides of inflation. While the situation on the supply side is closely monitored to ensure adequate availability of foodgrains and other items of mass consumption at reasonable prices, measures on the demand side include greater fiscal discipline, and regular monitoring of monetised deficit and broad money (M3) growth.